

**SHERIFF OF WASHINGTON COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998  
SEPTEMBER 2000**

**DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
ONE CAPITOL HILL  
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TDD #: 222-2726  
FAX #: 222-3973

Sheriff of Washington County

AGENCY FUNDS

Fiscal Year Ended June 30, 1998

EXECUTIVE SUMMARY

Our audit report, issued November 1997, contained 12 recommendations. The status of those recommendations are as follows:

Implemented	1
Not Implemented	8
Partially Implemented	1
No Longer Applicable	<u>2</u>
Total	<u>12</u>

Our audit, for the fiscal year ended June 30, 1998, identified the following as areas for management's attention.

- Management should seek clarification of RIGL 42-29-31 pertaining to the extension of credit to attorneys.
- Establish a formal accounting system that integrates the books of original entry with the general ledger.
- Witness sign-in sheets should be provided to Superior Court to facilitate reimbursement.
- Implement the use of an accounts receivable control account to accommodate the reconciliation of subsidiary account balances.

- Update inventory listings on a continuous basis to reflect capital items acquired.
- A physical inventory should be taken annually and a listing of property locations should be developed.

SHERIFF OF WASHINGTON COUNTY

AGENCY FUNDS

JUNE 30, 1998

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY .....	i
LETTER OF TRANSMITTAL .....	1
BACKGROUND .....	2
AUDIT SCOPE AND PURPOSE .....	3
FINANCIAL STATEMENTS:	
Auditors' Report .....	4
Exhibit A: Balance Sheet .....	5
Exhibit B: Statement of Cash Receipts and Disbursements .....	6
Notes to Financial Statements .....	7
OTHER FINANCIAL INFORMATION:	
Schedule: Statement of Cash Receipts and Disbursements - Fiscal Year Ended June 30, 1997 .....	9
FINDINGS AND RECOMMENDATIONS	
Status of Prior Audit Recommendations .....	10
Current Year Findings and Recommendations	
Standard Operating Procedures Manual .....	13
Accounts Receivable .....	13
Costs Paid State Witnesses .....	14
Fiscal Management .....	14
Control Over Accounts Receivable .....	14
Cash Receipts .....	15
Property Management .....	15



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Department of Administration  
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One Capitol Hill  
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September 14, 2000

Mr. William Gingerella  
High Sheriff of Washington County  
4800 Tower Hill Road  
Wakefield, RI 02879

Dear Sheriff Gingerella:

We have completed an audit of the Sheriff of Washington County for the fiscal year ended June 30, 1998 in accordance with Sections 35-7-3 and 35-7-4 of the General Laws.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 of the General Laws requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits. A copy of your reply should also be sent directly to Robert L. Carl, Jr., Ph.D., Director, Department of Administration; to the Honorable Antonio J. Pires, Chairman of the House Finance Committee and to the Honorable J. Michael Lenihan, Chairman of the Senate Finance Committee.

Sincerely,

Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

SMC:pb

BACKGROUND

SHERIFF OF WASHINGTON COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

BACKGROUND

The state constitution provides that the governor appoint a sheriff for each county. The sheriffs or their deputies, as attaches of the courts, attend all sessions of the supreme, superior, family, and district courts. The sheriffs also attend the General Assembly when it is in session. Additionally, they execute all civil writs of process, summon witnesses to appear in court; transport prisoners and defendants to court and to state institutions; collect fees for services performed as officers of the courts; and perform all other duties assigned to them by law.

All sheriffs shall hold office for a period of ten years. Deputy sheriffs shall be appointed and/or promoted with the approval of the Governor. Each sheriff operates independently within their jurisdiction and reports directly to the Governor.

Summary of Selected Pertinent General Laws of Rhode Island

<u>Title</u>	<u>Chapter</u>	
42	29	Sheriffs
9	5	Writs, Summons and Process
9	26	Levy and Sale on Execution
9	29	Fees
10	5	Attachment
12	20	Costs
35	6	Accounts and Control

## AUDIT SCOPE AND PURPOSE



SHERIFF OF WASHINGTON COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

AUDIT SCOPE AND PURPOSE

We have conducted an audit of the operating practices and procedures in place at June 30, 1998 and an audit of the financial transactions and records for the agency funds of the Washington County Sheriff's Office for the fiscal year ended June 30, 1998.

Our audit extended to the following funds:

- Service Fee Fund
- Witness Fee Funds

The purpose of our examination was to determine whether:

- The Washington County Sheriffs Office complied with applicable state laws and established rules and regulations.
- The accounting systems and procedures were adequate, efficient, and effective.
- The operating procedures were conducted in an economical and efficient manner.
- Cash transactions were properly accounted for within a state authorized agency fund.

## FINANCIAL STATEMENTS



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TDD #: 222-2726  
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Mr. William Gingerella  
High Sheriff of Washington County  
State of Rhode Island

We have audited the accompanying financial statements of the Sheriff of Washington County as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the Sheriff of Washington County. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the agency funds of the Sheriff of Washington County at June 30, 1998, and the cash receipts and disbursements for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the statements taken as a whole. The other financial information included in Schedule 1 of the report is presented for purposes of additional analysis and is not a required part of the combining financial statements of the agency funds of the Sheriff of Washington County. Such information has been subjected to the auditing procedure applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the combining financial statements taken as a whole.

Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

September 1, 1998

## EXHIBIT A

SHERIFF OF WASHINGTON COUNTY  
 AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 1998

	<u>Service Fee Fund</u>	<u>Witness Fee Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$	2,423.49	2,423.49
Imprest Cash	391.00		391.00
Accounts Receivable	<u>3,887.84</u>		<u>3,887.84</u>
Total Assets	\$ <u>4,278.84</u>	<u>2,423.49</u>	<u>6,702.33</u>
<u>Liabilities</u>			
Advance From General Fund	\$ 391.00		391.00
Advance From Superior Court		2423.49	2,423.49
Deferred Liabilities	<u>3,887.84</u>		<u>3,887.84</u>
Total Liabilities	\$ <u>4,278.84</u>	<u>2423.49</u>	<u>6,702.33</u>

See accompanying notes to financial statements.

J-10a

EXHIBIT B

SHERIFF OF WASHINGTON COUNTY  
 AGENCY FUNDS  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 FISCAL YEAR ENDED JUNE 30, 1998

	Service Fee Fund	Witness Fee Fund	Total
<u>Receipts</u>			
Service Fees	\$ 50,592.42		50,592.42
Witness Fees	1,415.42		1,415.42
Refunds	4,182.07		4,182.07
Advance from Superior Court		3,000.00	3,000.00
Block Island Services		618.66	618.66
Prior Year Stale Dated Checks	394.70		394.70
	<u>56,584.61</u>	<u>3,618.66</u>	<u>60,203.27</u>
Total Cash Receipts	<u>56,584.61</u>	<u>3,618.66</u>	<u>60,203.27</u>
<u>Disbursements</u>			
Due to General Fund	49,130.01		49,130.01
Refunds	4,182.07		4,182.07
Witness Fees	1,415.42	4,415.90	5,831.32
Collections	1,417.31		1,417.31
Miscellaneous	481.80		481.80
	<u>56,626.61</u>	<u>4,415.90</u>	<u>61,042.51</u>
Total Cash Disbursements	<u>56,626.61</u>	<u>4,415.90</u>	<u>61,042.51</u>
Deficiency of Cash Receipts Over Cash Disbursements	(42.00)	(797.24)	(839.24)
Cash Balance, July 1	433.00	3,220.73	3,653.73
Cash Balance, June 30	\$ <u>391.00</u>	<u>2,423.49</u>	<u>2,814.49</u>

See accompanying notes to financial statements.

J-10b

SHERIFF OF WASHINGTON COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

NOTES TO FINANCIAL INFORMATION

Note 1 - Significant Accounting Policies

Fund Accounting

The accounts of the Washington County Sheriff's Office are organized on the basis of funds, each of which is considered to be a separate accounting entity. Only the agency funds are presented in the accompanying financial statements. A description of these funds is as follows:

Agency Funds - are used to account for assets held by the sheriff as an agent for individuals, private organizations, the general fund and/or other funds. The two types of agency funds maintained are:

- Service Fee Fund - is used to account for monies received for the execution of writs, services performed as an officer of the court, and other duties assigned by law.
- Witness Fee Fund - is used to disburse fees to witnesses for daily attendance before the supreme court or the superior court, or before any other tribunal or magistrate, including attendance in giving depositions.

Basis of Accounting

The accompanying financial statements are presented on the modified accrual basis of accounting as prescribed by generally accepted accounting principles. Agency Funds are custodial in nature, accordingly, at any given point in time, total assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held.

#### Note 2 - Accounts Receivable

Accounts receivable are comprised of various fees that are due from attorneys and others. The present accounting system does not generate an accounts receivable control. Consequently, the allocation of changes in this account between balance sheet dates could not be determined.

#### Note 3 - Advance from General Fund

This account represents a non-current liability established to provide the necessary working capital to operate the Service Fees Fund.

#### Note 4 - Advances from Superior Court

The balance in this account represents the unexpended funds that were advanced from the Superior Court to pay witness fees.

#### Note 5 - Deferred Liabilities

For the purpose of financial statement presentation, this account represents a contra account to accounts receivable.

## OTHER FINANCIAL INFORMATION



SCHEDULE

SHERIFF OF WASHINGTON COUNTY  
AGENCY FUNDS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 1997

	<u>Service Fee Fund</u>	<u>Witness Fee Fund</u>	<u>Total</u>
<u>Receipts</u>			
Service Fees	\$ 43,224.74		43,224.74
Collections	3,523.09		3,523.09
Reimbursements and Refunds	63,511.00		63,511.00
Advance From Superior Court		6,000.00	6,000.00
Block Island Services		270.00	270.00
Prior Year Stale Dated Checks		218.30	218.30
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Cash Receipts	<u>110,258.83</u>	<u>6,488.30</u>	<u>116,747.13</u>
<u>Disbursements</u>			
Due to General Fund	43,252.54		43,252.54
Refunds	60,631.00		60,631.00
Witness Fees	2,880.00	2,957.60	5,837.60
Collections	3,523.09		3,523.09
Block Island Services		478.00	478.00
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Cash Disbursements	<u>110,286.63</u>	<u>3,435.60</u>	<u>113,722.23</u>
Deficiency of Cash Receipts Over Cash Disbursements	(27.80)	3,052.70	3,024.90
Cash Balance, July 1	<u>460.80</u>	<u>168.03</u>	<u>628.83</u>
Cash Balance, June 30	<u>\$ 433.00</u>	<u>3,220.73</u>	<u>3,653.73</u>

See accompanying notes to financial statements.

J-10s

## FINDINGS AND RECOMMENDATIONS

SHERIFF OF WASHINGTON COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The following audit recommendations were identified in the report prepared by the Bureau of Audits for the fiscal year ended June 30, 1996, issued November 1997.

Standard Operating Procedures Manual

1. A standard operating policies and procedures manual should be developed, implemented, and promulgated to the entire staff.

Not implemented. (See recommendation 1.)

Fiscal Integrity and Accountability Act

2. The Sheriff's Office should comply with RIGL 35-14-6, which requires a report on the adequacy of the agency's system of internal accounting and administrative controls.

No longer applicable. The Central Business Office will address this recommendation.

Accounts Receivable

3. Establish in-house accounts receivable procedures to ensure compliance with Section A-16 of the Department of Administration's Procedural Handbook.

No longer applicable.

4. Management should seek, clarification of RIGL 42-29-31 pertaining to the extension of credit to attorneys.

Not implemented. (See recommendation 2.)

Settlement of Costs Paid State Witness

5. Establish procedures to ensure compliance with RIGL 35-6-26.

Not implemented. (See recommendation 3.)

### Fiscal Management

6. A formal accounting system integrating the books of original entry (i.e., cash receipts and disbursements journals) with a general ledger should be established to enhance accountability and efficiency.

Not implemented. (See recommendation 4.)

### Control Over Accounts Receivable

7. An accounts receivable control account should be established to enhance the present system used to account for receivables and to facilitate the reconciliation of subsidiary account balances.

Not implemented. (See recommendation 5.)

8. Perform monthly reconciliation's between the subsidiary ledger and the control account to resolve any differences discovered.

Not implemented. (See recommendation 6.)

### Cash Receipts

9. Individual cash receipts should be recorded at the time they are received and deposits should be made preferably daily or alternatively when a pre-established amount has been accumulated. This latter option should take into consideration security and insurance considerations.

Partially implemented. (See recommendation 7.)

10. In the event that a requested service cannot be performed, a refund check should be issued and an entry should be recorded in the cash disbursements journal. All refunds should be properly authorized prior to issuance.

Implemented.

### Property Management

11. Update inventory listings on a continuous basis to reflect capital items acquired.

Not implemented. (See recommendation 8.)

12. A physical inventory of all properties should be taken no less than annually, and a listing indicating property locations should be developed. Update inventory listings on a continuous basis to reflect capital items acquired.

Not implemented. (See recommendation 9.)

SHERIFF OF WASHINGTON COUNTY  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 1998

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Standard Operating Procedures Manual

Our audit disclosed that the Sheriff's Office does not have a formal operating procedures manual; consequently, there are no written policies or procedures available to guide employees in selecting appropriate accounting procedures. This has led to employee uncertainty and the use of unnecessary and/or inappropriate procedures.

In our opinion, the lack of uniform procedures and management controls has significantly contributed to specific weaknesses that affect the accounting and administrative controls referred to in this audit.

Recommendation

1. A standard operating policies and procedures manual should be developed, implemented, and promulgated to the entire staff.

Accounts Receivable

Our audit of accounts receivable disclosed that credit was extended to Rhode Island attorneys who failed to make payments against their outstanding balances within the 60 days required by RIGL 42-29-31.

In accordance with RIGL 42-29-31, "the sheriffs of the five counties shall extend to each Rhode Island attorney who is a member in good standing of the Rhode Island bar association, credit up to the sum of three hundred dollars (\$300) for the service of legal process..." However, the statute makes no reference to whether the credit limit applies on a statewide or county basis. The general laws, also, do not offer a remedy for dealing with attorneys that are delinquent.

Recommendation

2. Management should seek clarification of RIGL 42-29-31 pertaining to the extension of credit to attorneys.

### Costs Paid State Witnesses

The Sheriff's Office has not informed the Washington County Superior Court of fees that were paid to state witnesses for petit and grand juries. These fees, which are initially paid by the state, represent costs that should be charged to defendants pending subsequent reimbursement to the general fund. To facilitate reimbursement, the superior court docket number should be indicated on the sign-in sheets and a copy of the witness sheet should be forwarded to the superior court.

#### Recommendation

3. A copy of the witness sign-in sheets should be forwarded to the superior court to facilitate reimbursement.

### Fiscal Management

The Sheriff's Office does not maintain a formal accounting system for its service fee and witness fee funds. Accountability for transactions processed is performed primarily through the use of checking accounts. Control over cash is focused upon the bank reconciliation process since there are no general ledger, cash receipts, or cash disbursements journals maintained.

#### Recommendation

4. A formal accounting system integrating the books of original entry (i.e., cash receipts and disbursements journal) with a general ledger should be established to enhance accountability and efficiency.

### Control Over Accounts Receivable

The Sheriff's Office maintains an accounts receivable subsidiary ledger but does not utilize a formal control account to monitor the balance of its receivables. The absence of this basic control mechanism diminishes the effectiveness of the present system and does not provide data that can be used to monitor the accuracy of postings that were made to the individual subsidiary accounts.

#### Recommendations

5. Establish an accounts receivable control account to enhance the present system and to facilitate the reconciliation of subsidiary account balances.

### Recommendations - (Cont'd)

6. Monthly reconciliations between the subsidiary accounts receivable ledger and the control account should be performed and differences, if any, should be resolved.

### Cash Receipts

Cash received from individuals and others (except attorneys) requesting a writ or subpoena to be served are required to prepay the fee to perform this service. The practice followed by the Sheriff's Office is to record and to deposit all such collections after the requested service has been performed. This practice results in a weakness in control over cash receipts, does not provide a chronological listing of each days receipts, and does not preclude the possibility that cash received may go unrecorded.

#### Recommendation

7. All cash receipts should be recorded at the time they are received and deposits should be made daily or alternatively when a pre-established amount has been received. This latter option should take into consideration security and insurance considerations.

### Property Management

Section E-11 of the Department of Administration's Procedural Handbook requires all state departments and agencies to take a physical inventory of its properties, periodically, but in no case less frequently than once each year.

This requirement is necessary to determine whether or not property is located where records indicate it should be and to verify its existence. At the time of our audit, we were unable to verify inventory items because the Sheriff's Office does not maintain an updated inventory listing.

#### Recommendations

8. Update inventory listings on a continuous basis to reflect capital items acquired.
9. A physical property inventory should be taken no less than annually and a listing should be developed to identify their locations.